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RUEHCG/AMCONSUL CHENNAI 8861
RUEHCI/AMCONSUL KOLKATA 8579
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RUEAIIA/CIA WASHDC
RUCNDT/USMISSION USUN NEW YORK 3738
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RUEIDN/DNI WASHINGTON DC
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RUEHGV/USMISSION GENEVA 6081
RUCPDOG/DEPT OF COMMERCE WASHDC
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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 000752

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SUBJECT: BOTH SIDES VICTORIOUS IN BAGLIHAR VERDICT, INDIA
PERHAPS MORE SO

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Classified By: A/PolCouns Atul Keshap, Reason 1.5 (B,D)

¶1. (C) Summary. The World Bank-appointed neutral expert announced his ruling on February 12 regarding the controversial Baglihar dam project, which both Pakistan and India claimed as a victory. Several specifications contested by Pakistan are being addressed, but the overall design of the dam is intact and India is ready to move forward toward completion and operation in one year's time. The ruling is not only final and binding, but also establishes that India is in the clear to proceed with other projects in the region that involve waters granted to Pakistan under the 1960 Indus Waters Treaty. The Indian press praised the verdict as a victory and vindication after more than a decade of disagreement. End Summary.

Design Largely Acceptable, Just Needs Tweaking

¶2. (U) World Bank-appointed neutral expert Professor Raymond Lafitte, a Swiss civil engineer, released his final and binding decision on February 12 regarding the Baglihar dam to Pakistani and Indian representatives in Bern, Switzerland. Lafitte cleared the 450-MW Indian hydroelectric project on the Chenab River with only minor alternations, which India said in a statement "all arise from calculations and not from (conflicts with the) basic principles" of the 1960 Indus Waters Treaty. Pakistan had contended that the 4.5-meter freeboard (the vertical distance between the top of the dam and the level of the contained water supply) should be only

0.84 meters tall, but Lafitte found a 3-meter height in order. The new, shorter design will stand over 140 meters tall, total, and conform to the standards of the International Commission of Large Dams. The neutral expert ruled in India's favor that the dam could have 32.56 million cubic meters of pondage (the dam's water storage capacity), an amount lower than India's design of 37.50, but far greater than the 6.22 advocated by Pakistan. He also allowed a higher rate for the design flood than Pakistan wanted in order to account for calculation uncertainties and possible climate change. Finally, Lafitte agreed with India's approach to deal with the silt that accumulates from the sediment-rich Himalayan water. India uses an outlet method that did not exist in 1960 and will not interfere with the level of flow of the Chenab's waters, according to the neutral expert's decision and in keeping with the Indus Waters Treaty. The dam is scheduled for completion by early 2008 with a total cost of around \$1 billion (estimates vary from Rs. 40 to 50 billion).

Media Reaction: India Scores A Victory, Vindication

13. (SBU) Many news outlets on Tuesday reflected a sense of victory and vindication for India. Multiple newspapers noted that the changes recommended by Lafitte are "marginal" and that the dam's electricity output is not expected to be affected by the verdict. The Hindu reported that India had claimed a "moral victory," and that there was "visible relief" in the Indian Water Resources Ministry. An article in The Pioneer claimed that the dam, outfitted with an anticipated second 450-MW power station, could "rejuvenate" Jammu and Kashmir's economy, "which is in doldrums after

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years of strife." The Times of India had one of the most strongly-worded articles, saying that India can "happily live with" the verdict, which denies "Pakistan any excuse to quibble." The article gloated, "This is the second time in recent years that India has been given a thumbs up in a dispute involving Pakistan," the earlier incident being the downing of a Pakistani surveillance aircraft by India in 1999.

Decision Has Set Precedent

14. (C) Former High Commissioner to Pakistan G. Parathasarthi told PolOff on February 13 that this decision "set precedents" for future construction of dams affected by the Indus Waters Treaty. "A lot of projects that were held up are now possible," he said. In particular, he noted that India can now proceed with its Kishenganga dam project in Jammu and Kashmir, the subject of a similar disagreement between Pakistan and India. "If the Pakistanis object, then we'll take the issue to the World Bank again," he said. "The independent expert made clear what is acceptable under the Indus Waters Treaty and what isn't." In the past, India had offered to build the Baglihar dam lower (as the verdict commands) and thus the same outcome could have been reached "15 years earlier" had Pakistan chosen to cooperate with, and not contest, India's intentions, Parathasarthi noted. He also compared the Baglihar dam project with the older Salal dam project, another dam in Jammu and Kashmir. In the case of the Salal dam, India designed and constructed the dam with Pakistani sediment-related specifications in mind. As a result, he claimed that the dam became "silted-in" in under 20 years. Given Monday's verdict, India will likely not make the same mistake twice.

Important That Islamabad Feels It Won, Too

15. (C) The ruling reflected several of Pakistan's objections

to the dam, as mentioned in paragraph 2. PolOff spoke with Hindustan Times editor Manoj Joshi on February 13, who emphasized that the verdict has so far been well received in Pakistan. "If you can work out solutions for both capitals, then that's the way to do it," he said. Joshi finds that water is an "emotional issue" in South Asia, particularly given the current protests in Karnataka in response to the Cauvery Tribunal verdict. It would have been unproductive had the decision been India's victory alone, and disagreement over the issue would have been dragged "on and on." He summarized, "If India says one thing, the Pakistanis will disagree." That there was an international observer in this case makes the verdict palatable to the Pakistanis. Joshi pointed to the Kutch boundary tribunal of the 1960s, in which another international arbiter decided a largely technical dispute between the two nations. Although not part of the Composite Dialogue process, Joshi believes that the Baglihar decision may have positive--though indirect--implications for other areas of contention in Indo-Pak relations.

Comment: A Workable Outcome

16. (C) Comment: The fact that both India and Pakistan are
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claiming victory is a positive outcome to one problem that has plagued relations for 15 years. As our Indian interlocutors frequently remind us about Indo-Pak relations, it may have been a wise decision for the U.S. not to have intervened in this issue since things very well could have transpired in a less mutually applauded way and the U.S. could have taken the blame. As it is, neither side is casting blame on Prof. Lafitte, the World Bank, the U.S., or any other third-party entity. The verdict may also mitigate India's distrust in international arbiters, allowing for their potential use in addressing other problems. Since the 450-MW hydroelectric station is expected to come on-line in one year's time, it should also provide a boon to the unmet energy needs of Jammu and Kashmir (estimated at 2000 MW) as well as India at large. That India has the green light to complete and/or build similar dams on other rivers throughout Jammu and Kashmir is a fact likely not lost on anyone in energy-starved New Delhi. End Comment.

17. (U) We coordinated this cable with Embassy Islamabad.
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